



Surestream

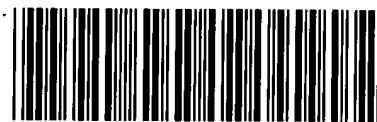
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Surestream Petroleum Limited

REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2016

Company Registration No. 5238607

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Surestream Petroleum Limited

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Surestream Petroleum Limited
DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

Christopher N. Pitman
Ahmed Khelif
Reidar Michaelsen
Antoine Antoun

SECRETARY

Collyer Bristow Secretaries Limited

INDEPENDENT AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

REGISTERED OFFICE

4 Bedford Row
London
WC1R 4TF
United Kingdom

Surestream Petroleum Limited

STRATEGIC REPORT

Surestream Petroleum Limited (“Surestream” or “the Company”) is a privately owned petroleum company focused on Africa. Since its incorporation in 2004, the Company has had a strategic focus on the onshore rift basins of Africa, which are often remote and difficult places to operate, with little in the way of oil and gas infrastructure.

BUSINESS MODEL AND STRATEGY

Surestream’s business model is structured on generating growth for shareholders by building a balanced and diversified portfolio of hydrocarbon assets.

The Company’s strategy is to acquire significant equity stakes in prospective developing areas primarily in Africa where there are proven petroleum systems. The Company follows this strategy by:

- Utilising the experience and networks of its management and shareholders.
- Developing regional concepts to define petroleum systems and prospects with low exploration risk.
- Identifying positive opportunities with governments, state oil companies and potential industry farm-ins.
- Negotiating directly with governments to secure transparent terms with high equity stakes.

PRINCIPAL ACTIVITY

The principal activities of Surestream Petroleum Limited and its subsidiaries (the “Group”) are oil and gas exploration in the Democratic Republic of the Congo (“DRC”), Burundi, Malawi and Zambia and production in Tanzania.

REVIEW OF THE BUSINESS

Democratic Republic of the Congo

During 2016, the Group incurred US\$0.5 million in gross exploration activities in the DRC (2015: US\$0.42 million).

Yema and Matamba-Makanzi (“YMM”) Production Sharing Agreement (“PSA”)

During 2016, the Group maintained a representative office in Kinshasa with one full time staff at minimal cost and looked for potential farm-in partners.

Ndunda PSA

On 25 March 2015, ENI informed the parties to the Ndunda Joint Operating Agreement of their voluntary withdrawal from the operatorship of the licence. Following this, the Company engaged in discussions with ENI and the DRC Administration to take back ENI’s participating interest and the operatorship. At the time this report is written the discussions are still going on and the DRC Government’s approval to commence the second exploration period is still pending.

At the end of 2012, the Group had recorded an impairment provision of US\$10 million based on the increasing level of uncertainty over the renewal of YMM and Ndunda licences. Extensive recent technical studies have indicated substantial potential for pre-salt oil discoveries similar to the YMM-1 well drilled in 2010. The directors believe that new high resolution seismic data acquired with vibroseis will demonstrate enough low risk drilling targets to attract further industry capital. The directors consider the remaining carrying value of US\$8.8 million (2015: US\$ 8.3 million) to be recoverable based on the possible return of the 55% interest over the Ndunda PSA from ENI and the interest of potential farm-in partners for both of the PSAs.

Burundi

Considering the high capital requirement of the exploration programme, deteriorating political stability in the country and the low oil and gas prices, the Group recorded an impairment provision of US\$11 million in 2014 reducing the carrying value of the Burundi assets to US\$280,000. As there was no change in the overall security situation in the country, the management decided to suspend all operations in Burundi. Subsequently the plant and machinery, which were kept at the port of Bujumbura for the refurbishment of the Tanganyika Explorer vessel,

Surestream Petroleum Limited

STRATEGIC REPORT (continued)

were repatriated to the Group's warehouse in Dubai in April 2016. Subsequently the Group agreed to sell the Burundi assets to Swala Oil & Gas plc ("Swala") on 23 October 2016 in exchange of 6,247,154 fully paid ordinary shares of Swala, representing 6.25% of its post-acquisition issued share capital. The transaction was closed on 7 February 2017. Swala Oil & Gas (Tanzania) plc is a public company listed in Dar Es Salaam Stock Exchange under the symbol SWALA.

Malawi

It was reported earlier that the Group had transferred 51% of its participating interest and operatorship of both of the Malawi blocks to Hamra Oil Holdings Limited ("Hamra") on 19 February 2014. Handover of the operatorship and the Lilongwe office to Hamra had concluded on 30 September 2014. On 31 May 2015, the Group entered into another agreement to transfer a further 29% of the Malawi blocks (reducing its stake to 20%) to Hamra in exchange for US\$5.06 million cash and a 25% revenue interest in the North Kiliwani gas field in Tanzania. This transaction was successfully closed on 9 December 2015.

During 2016, the Group incurred US\$0.08 million in Malawi (2015: US\$0.17 million).

As part of the cost saving measures put in place and due to not being the operator in Malawi anymore, the Group decided to close the Football Academy and on 16 March 2016 informed the authorities in Malawi that it would end the activities of the Football Academy CSR Project in Malawi on 31 March 2016. All liabilities of the Academy, including the severance payments of the employees were settled in due course and the official winding-up procedure started. As part of the Group's corporate social responsibility programme in Malawi, the Football Academy incurred US\$191,456 (2015: US\$727,000) in operating costs and received US\$1.2 million in sponsorship income.

Zambia

The Group was awarded Block 42 by the Ministry of Mines and Mineral Development of Zambia on 2 December 2013. The licence is issued for an initial period of 4 years, renewable twice for 3 years each time. The financial commitment of the Group during the initial period of 4 years is US\$6 million for gathering and digitisation of the available geological and geophysical ("G&G") data, conducting surface geochemistry and soil sampling studies and acquisition of FTG survey for a minimum of 1,100 square kilometres.

For the most part of 2015, the Group had problems in obtaining the necessary permits from the Zambian Wildlife Authority to access the licence area and worked with the Zambia Administration to resolve this issue. On 15 April 2016, the Ministry of Mines and Mineral Development approved the Group's application to move the commencement date of the licence from 2 December 2013 to 15 December 2015. Following this approval by the Ministry the end of the initial period moved to 14 December 2019.

During 2016, the Group spent US\$0.32 million on capitalised exploration costs in Zambia (2015: US\$0.47 million).

Tanzania

On 31 May 2015, the Group entered into an agreement to transfer a 29% of the Malawi blocks (reducing its stake to 20%) to Hamra in exchange for US\$5.06 million cash and 25% working interest in the North Kiliwani gas field in Tanzania. This transaction was completed on 9 December 2015. Test production from the field started in April 2016 progressively increasing to a volume of 15Mmscfd by September. Fair value of the 25% interest in the gas field was recorded at US\$13.5 million based on an indicative arms length sales transaction dated 4 April 2016, which was announced by Aminex plc, the operator of the gas field.

On 6 October 2016, the Group received the first payment from North Kiliwani gas production. Subsequent payments from North Kiliwani gas production followed on a monthly basis at an average of US\$300,000 per month. During 2016, the Group received US\$0.92 million in cash payments from the North Kiliwani gas production and at the date the report is issued total payments received from Kiliwani North production reached US\$2.94 million.

During 2016, the Group spent US\$0.24 million in operating costs in Tanzania (2015: US\$0.60 million).

Surestream Petroleum Limited

STRATEGIC REPORT (continued)

FINANCING

The Group's operations in 2016 were funded by shareholder loans and gas sales income from its Tanzania asset. Debt financing was arranged on the basis of expected commitments.

KEY PERFORMANCE INDICATORS ("KPIs")

The Board has defined the below key performance indicators ("KPIs") in measuring the Group's performance in 2016 based on its strategy;

1. Total acreage held: At 31 December 2016, the Group held 35,717 square kms of exploration acreage (2015: 37,273 square km).
2. Total gross exploration expenditure: The Group has incurred US\$0.87 million in gross exploration expenditure (2015: US\$1.96 million).
3. Ratio of administrative expenses to gross exploration expenditure: In 2016, administrative expenses were 2.781 times the gross exploration expenditures (2015: 2.225 times).
4. Ratio of corporate social responsibility ("CSR") expenditures to gross exploration expenditure: In 2016, CSR expenditures represented 22% of the gross exploration expenditure (2015: 40%).
5. Employee retention rate: In 2016, the employee retention rate stood at 41% (2015: 55%).

FUTURE DEVELOPMENTS

The Group plans to continue to hold its licences in the DRC, Malawi, Tanzania and Zambia, while maintaining the general and administrative costs at its minimal level and identify farm-in partners who are willing to take over operatorship in its licences. The Board plans to seek asset swap deals that are likely to bring production revenue to the Group to help with the working capital requirements. The main activities on the existing assets in 2017 and 2018 are planned to be the following:

1. YMM PSA (DRC): The Group is working to close a farm-in agreement and commence the second exploration period work programme.
2. Ndunda PSA (DRC): Following the withdrawal of ENI from the PSA, the Group is pursuing the reassignment of the 55% back to itself and renewal of the exploration licence with the DRC Government. The Group will then seek to find a farm-in partner, who will be willing to be the operator of the block.
3. Malawi Licences (Block 2 and Block 3): The Group will maintain its position in these licences and review the operator's activities.
4. Zambia Licence (Block 42): The Group will work to identify a farm-in partner.
5. Tanzania Licence: The Group will seek to receive the final regulatory approval for the transfer of the asset and maintain its position in the Tanzania licence. Cash flow generated from the Tanzania gas revenues will be used to settle the trade payables and fund the ongoing operating costs of the Company.

RISK MANAGEMENT

The business of exploring for oil and gas involves a high degree of technical, political and regulatory risk. In addition, the Group is exposed to a number of financial risks which the Board seeks to minimise by adopting a prudent approach which is consistent with the corporate objectives of the Group. These risks are summarised below:

Technical Risk

Substantial expenditure is required to establish reserves and to conduct feasibility studies. Although substantial benefits may be derived from the discovery of significant oil and gas reserves, geographical location can present logistical difficulties and no assurance can be given that reserves will be discovered in sufficient quantities or having sufficient grade to justify commercial operations, or that funds required for development can be obtained on a timely basis.

Surestream Petroleum Limited

STRATEGIC REPORT (continued)

Political and Regulatory Risk

The Group is currently holding interests in the Democratic Republic of Congo, Malawi, Zambia and Tanzania. The Board believes that the Governments of these countries support the development and exploitation of natural resources. However, there is no assurance that future political and economic conditions in these countries will not result in the Governments changing their political attitudes towards oil and gas exploration and adopting different policies in respect of the exploration, development and ownership of resources.

Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and exploration licences, taxation, environmental protection and repatriation of income and capital, which may adversely impact the Group's ability to carry out its activities. The jurisdictions in which the Group operates and might operate in the future may have less developed legal systems than more established economies, which could result in risks such as (i) effective legal redress in the courts being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations.

Financial Risk

The Group's exposure to financial risks and the risk management policies that the Group has adopted are described in note 28 of the financial statements.

On behalf of the Board,



Christopher N. Pitman
Chief Executive Officer

28 September 2017

Surestream Petroleum Limited

DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements of Surestream Petroleum Limited ("the Company") for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activities of Surestream Petroleum Limited and its subsidiaries (the "Group") are oil and gas exploration in the Democratic Republic of the Congo ("DRC"), Malawi and Zambia and production in Tanzania.

GOING CONCERN

As part of their general review of the business, the directors examined a 12-month forward looking cash flow forecast of the Group, based on the most likely work programme, to be able to assess the required funding to continue in operational existence including the firm and contingent commitments.

The forecasts indicate that the 25% revenue interest in the North Kiliwani gas field in Tanzania will allow the Company to meet its ongoing working capital requirements. However, the directors are aware that at the date of signature of the financial statements the commissioning production is still on going and the buyer, Tanzania Petroleum Development Corporation ("TPDC") have not yet provided the letter of guarantee as per the Gas Sales Agreement. While gas sales are continuing on a commissioning basis, there are risks that the volume of gas sold may change or collection of payments may be delayed.

The directors have concluded that at the present level of activity the Company may be unable to make the monthly loan repayments to Petrolin Trading Limited and this would be further impacted by any delay in the receipt of revenue from gas sales. However, since Petrolin Trading Limited is controlled by a major shareholder in the Company, the Directors are confident that under such circumstances, discussions may result in either further deferral of the payments or a restructuring of the facility against certain assets or the write off of the loan through an asset transfer.

The cashflow forecasts include non-payment of certain trade payables, following a review by the directors which concluded that of the US\$1.95 million of trade payables outstanding as at the date this report is written, US\$1.49 million will not be payable at least for the following 12 months as they include disputed amounts and a performance based payment.

The Group's extensive cost reduction plan continued to be consistently applied over the past year to maintain the fixed office and personnel costs at US\$150,000 per month.

Taking into consideration all the above facts, the Directors have a reasonable expectation that the Group will either be able to extend repayments of the loan or re-finance it as a reserve based facility and will have sufficient funds available to it to meet other planned expenditures when they fall due for the foreseeable future.

Based on the above, the directors have decided to adopt the going concern basis for the preparation of the financial statements. The financial statements do not include any adjustments that would result if the Group or Company was unable to continue as a going concern.

DIVIDENDS

The directors are unable to recommend the payment of a dividend (2015: US \$Nil).

DIRECTORS

The following directors have held office during the year and since the reporting date:

Christopher N. Pitman

Ahmed Khelif

Reidar Michaelsen

Antoine Antoun

Pierre Achach

– resigned 18 January 2016

Surestream Petroleum Limited

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements of the Group and the Company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Surestream Petroleum Limited website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with section 414 c (ii) of the Companies Act 2006, included in the Strategic report is the review of the business, principal risks and uncertainties and key performance indicators of the business.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board,



Christopher N. Pitman
Chief Executive Officer

28 September 2017

Surestream Petroleum Limited

INDEPENDENT AUDITOR'S REPORT (continued)

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SURESTREAM PETROLEUM LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements ("the financial statements") on pages 10 to 48. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern and carrying value of intangible exploration and evaluation assets

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 3.1, 3.2 and 14 of the financial statements concerning the Group's and Company's ability to continue as a going concern and the carrying value of the Group's intangible exploration and evaluation assets.

- **Going concern** - The group reported a loss of US\$323k during the year ended 31 December 2016 and, at that date, the group had net current liabilities of US\$6.3m. As reported in note 3.1, the directors have prepared cashflow forecasts which include assumptions about the amount of revenue to be received from the North Kiliwani asset and do not include full repayment of certain liabilities, including the loan provided by Petrolin Trading Limited. These conditions, along with the other matters explained in note 3.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the group's and company's ability to continue as a going concern.
- **Carrying value of intangible exploration and evaluation assets** - The directors' estimates of fair value less costs to sell are based on a number of assumptions and judgements, over which there can be no certainty. These include the ability to attract farm-in partners to the licences based on expressions of interest with third parties and the successful renewal of exploration licenses. These conditions, along with the other matters explained in notes 3.2 and 14 to the financial statements, indicate the existence of a material uncertainty in respect of the carrying value of intangible exploration and evaluation assets of \$10.1m in the group financial statements at 31 December 2016.

The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern or the uncertainties in relation to the carrying value of the intangible exploration and evaluation assets were resolved.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Surestream Petroleum Limited

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

GRAHAM RICKETTS, Senior Statutory Auditor
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Dated: 29 September 2017

Surestream Petroleum Limited

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Notes	2016 US\$'000	Re-stated 2015 US\$'000
Revenue	4	1,890	-
Cost of sales	4	(1,605)	-
GROSS PROFIT		285	-
Operating expenses – pre-licensing costs	5	(20)	(34)
Operating expenses – other	5	(225)	-
Administrative expenses	6	(2,432)	(3,918)
Impairment of exploration assets – intangible	14	-	(106)
Gain on disposal of exploration assets	8	1,435	12,923
Other income	8	1,189	813
OPERATING PROFIT		232	9,678
Finance costs	9	(555)	(518)
(LOSS) / PROFIT BEFORE TAXATION		(323)	9,160
Taxation	10	-	-
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	25	(323)	9,160

The (loss)/profit for the year arises from the Group's continuing operations.

No separate statement of comprehensive income has been presented as all such gains and losses have been dealt with in the income statement.

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

Company Registration No. 5238607

	Notes	2016 US\$'000	Re-stated 2015 US\$'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	14	22,335	22,761
Property, plant and equipment	15	4	86
TOTAL NON-CURRENT ASSETS		22,339	22,847
CURRENT ASSETS			
Assets held for sale	16	80	-
Trade and other receivables	17	2,782	205
Cash and cash equivalents	18	3	936
TOTAL CURRENT ASSETS		2,865	1,141
TOTAL ASSETS		25,204	23,988
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	20	20
Share premium	23	55,206	55,206
Shares to be issued	22	545	-
Accumulated deficit	25	(39,873)	(39,550)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		15,898	15,676
LIABILITIES			
NON-CURRENT LIABILITIES			
Decommissioning provision	21	99	-
TOTAL NON-CURRENT LIABILITIES		99	-
CURRENT LIABILITIES			
Trade and other payables	19	3,861	3,491
Short-term financial liabilities	20	5,346	4,821
TOTAL CURRENT LIABILITIES		9,207	8,312
TOTAL LIABILITIES		9,306	8,312
TOTAL EQUITY AND LIABILITIES		25,204	23,988

The financial statements on pages 10 to 48 were approved and authorised for issue by the Board on 28 September 2017 and were signed on its behalf by



Christopher N. Pitman
Chief Executive Officer

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited
COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2016

Company Registration No. 5238607

	Notes	2016 US\$'000	Re-stated 2015 US\$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	4	7
Investments	12	24,260	22,644
TOTAL NON-CURRENT ASSETS		<u>24,264</u>	<u>22,651</u>
CURRENT ASSETS			
Assets held for sale	16	80	-
Trade and other receivables	17	1,475	119
Cash and cash equivalents	18	3	926
TOTAL CURRENT ASSETS		<u>1,558</u>	<u>1,045</u>
TOTAL ASSETS		<u>25,822</u>	<u>23,696</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	20	20
Share premium	23	55,206	55,206
Shares to be issued	22	545	-
Accumulated deficit	25	(51,616)	(50,283)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		<u>4,155</u>	<u>4,943</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries	13	14,433	12,982
TOTAL NON-CURRENT LIABILITIES		<u>14,433</u>	<u>12,982</u>
CURRENT LIABILITIES			
Trade and other payables	19	1,888	950
Short-term financial liabilities	20	5,346	4,821
TOTAL CURRENT LIABILITIES		<u>7,234</u>	<u>5,771</u>
TOTAL LIABILITIES		<u>21,667</u>	<u>18,753</u>
TOTAL EQUITY AND LIABILITIES		<u>25,822</u>	<u>23,696</u>

The Company's loss for the year to 31 December 2016 is US\$1.33 million (2015: US\$3.46 million). The Company has taken advantage of the exemption available under the Companies Act from publishing a Company income statement. The notes on pages 17 to 48 are an integral part of these financial statements.

The financial statements on pages 10 to 48 were approved and authorised for issue by the Board on 28 September 2017 and were signed on its behalf by


Christopher N. Pitman
Chief Executive Officer

Surestream Petroleum Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Notes	Attributable to owners of the parent					
		Share capital	Share premium	Shares to be issued	Share based payment reserve	Retained earnings	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
BALANCE AT 1 JANUARY 2015		20	55,194	-	4,151	(52,861)	6,504
<i>Comprehensive income</i>							
Profit for the year as previously reported		-	-	-	-	10,357	10,357
Adjustment on correction of error		-	-	-	-	(1,197)	(1,197)
Profit for the year (re-stated)		-	-	-	-	9,160	9,160
Total comprehensive income		-	-	-	-	9,160	9,160
<i>Transactions with owners</i>							
Proceeds of share issues (net of costs)	22,23	-	12	-	-	-	12
Share based payment reserve transfer	24,27	-	-	-	(4,151)	4,151	-
Total transactions with owners		-	12	-	(4,151)	4,151	12
BALANCE AT 31 DECEMBER 2015		20	55,206	-	-	(39,550)	15,676
<i>Comprehensive income</i>							
Loss for the year		-	-	-	-	(323)	(323)
Total comprehensive income		-	-	-	-	(323)	(323)
<i>Transactions with owners</i>							
Proceeds of share issues (net of costs)	22,23	-	-	-	-	-	-
Shares to be issued		-	-	545	-	-	545
Total transactions with owners		-	-	545	-	-	545
BALANCE AT 31 DECEMBER 2016		20	55,206	545	-	(39,873)	15,353

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Notes	Attributable to owners of the company					Total equity
		Share capital	Share premium	Shares to be issued	Share based payment reserve	Retained earnings	
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
BALANCE AT 1 JANUARY 2015		20	55,194	-	4,151	(50,972)	8,393
<i>Comprehensive income</i>							
Profit for the year		-	-	-	-	(3,462)	(3,462)
Total comprehensive income		-	-	-	-	(3,462)	(3,462)
<i>Transactions with owners</i>							
Proceeds of share issues (net of costs)	22,23	-	12	-	-	-	12
Share based payment reserve transfer	24,27	-	-	-	(4,151)	4,151	-
Total transactions with owners		-	12	-	(4,151)	4,151	12
BALANCE AT 31 DECEMBER 2015		20	55,206	-	-	(50,283)	4,943
<i>Comprehensive income</i>							
Loss for the year		-	-	-	-	(1,333)	(1,333)
Total comprehensive income		-	-	-	-	(1,333)	(1,333)
<i>Transactions with owners</i>							
Proceeds of share issues (net of costs)	22,23	-	-	-	-	-	-
Shares to be issued		-	-	545	-	-	545
Total transactions with owners		-	-	545	-	-	545
BALANCE AT 31 DECEMBER 2016		20	55,206	545	-	(51,616)	3,610

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	<i>Notes</i>	2016 US\$'000	Re-stated 2015 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	26	(1,983)	(3,800)
Net cash used in operating activities		(1,983)	(3,800)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(921)	(55)
Purchase of intangible assets	14	-	(1,547)
Proceeds from farm-out disposal	14	1,368	5,056
Proceeds from sale of property, plant and equipment	15	89	30
Net cash generated from investing activities		536	3,484
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	22,23	-	12
Proceeds from issue of debt	22	514	1,050
Debt repayments	22	-	(180)
Net cash generated from financing activities		514	882
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(933)	566
Cash and cash equivalents at beginning of year		936	370
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	3	936

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	<i>Notes</i>	2016 US\$'000	2015 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	26	<u>(2,640)</u>	<u>(3,275)</u>
Net cash used in operating activities		(2,640)	(3,275)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances (to)/from subsidiaries	12,13	(165)	2,997
Purchase of property, plant and equipment	15	-	(6)
Proceeds from disposal of investments	14	<u>1,368</u>	<u>-</u>
Net cash generated from investing activities		1,203	2,991
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	22,23	-	12
Proceeds from issue of debt	20	514	1,050
Debt repayments	20	<u>-</u>	<u>(180)</u>
Net cash generated from financing activities		514	883
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(923)</u>	<u>598</u>
Cash and cash equivalents at beginning of year		<u>926</u>	<u>328</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	<u>3</u>	<u>926</u>

The notes on pages 17 to 48 are an integral part of these financial statements.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 GENERAL INFORMATION

Surestream Petroleum Limited and its subsidiaries ("the Group") conduct oil and gas exploration in Malawi, Zambia and Democratic Republic of the Congo and production in Tanzania. The Company is incorporated and domiciled in England and Wales with registered office of 4 Bedford Row, WC1R 4TF, London.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 BASIS OF PREPARATION

The consolidated financial statements of Surestream Petroleum Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated financial statements are discussed in note 3.

2.1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

At the date of authorisation of these financial statements, the following standards, amendments to existing standards and interpretations relevant to the Group were in issue but not yet effective.

Standard description	Date of adoption	Impact on initial application
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017	Recognition of Deferred Tax Assets for Unrealised Losses: Clarifies deferred tax on unrealised losses generated by debt instruments carried at fair value.
Amendments to IAS 7: Disclosure Initiative *	1 January 2017	To improve information provided to users of financial statements about an entity's financing activities.
IFRS 9 Financial Instruments*	1 January 2018	Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so-called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.
IFRS 15 Revenue from Contracts with Customers*	1 January 2018	Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple-element arrangements.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard description	Date of adoption	Impact on initial application
IFRS 16 Leases*	1 January 2019	The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.
IFRS 2 'Share-based Payment' (amendments)	1 January 2018	Classification and measurement of share-based payment transactions

*not yet endorsed in the EU

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

2.1.2 CORRECTION OF PRIOR PERIOD ERROR

In May 2015, the Group entered into an agreement to transfer 29% of the Malawi blocks (reducing its stake to 20%) to Hamra Oil Holdings Limited ("Hamra") in exchange for US\$5.06 million cash and a 25% revenue interest in the North Kiliwani gas field in Tanzania. This transaction was successfully closed on 9 December 2015. The Group estimated the fair value of the North Kiliwani gas field based on preliminary information released by the operator of the field on a similar sale transaction and added management time costs as well as legal fees on the fair value to come up with the capitalised asset value. However the final information released later by the operator of the field on the sale transaction showed a lower fair value for the field. As a consequence non-current assets and operating profit were overstated.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity	2015
GROUP	US\$'000
Intangible assets	(1,197)
Total assets	(1,197)
Net decrease on equity	(1,197)
Impact on statement of profit or loss	2015
GROUP	US\$'000
Administrative expenses	43
Impairment of exploration assets – tangible	(43)
Gain on disposal of exploration assets	12,923
Other income	(14,120)
Operating profit	(1,197)
Net decrease on profit for the year attributable to owners	(1,197)

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2.1.2 CORRECTION OF PRIOR PERIOD ERROR (continued)

In the published accounts for the year ended 31 December 2015, the Company reported on its statement of financial position the amounts due from and to its subsidiaries as a single amount summarised under Investments line item of non-current assets. As a consequence non-current assets and non-current liabilities were understated.

The error has been corrected by restating each of the affected statement of financial position line items for the prior periods, as follows:

Impact on equity	
COMPANY	2015 US\$'000
Investments	12,982
Total assets	12,982
Amounts due to subsidiaries	(12,982)
Total liabilities	(12,982)
Net impact on equity	-

2.2 BUSINESS COMBINATIONS

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements incorporate those of Surestream Petroleum Limited and its subsidiary undertakings for the year using the acquisition method of accounting. The results of subsidiaries formed or acquired during the year are included from the date that Surestream Petroleum Limited obtained control. Acquisition costs are written-off to the income statement as incurred.

Transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

The Company's principal investments are in six wholly owned subsidiaries;

1. Surestream RDC Sarl, a company incorporated in the Democratic Republic of Congo, whose principal activity is oil exploration.
2. Surestream Technical Services Limited, a company incorporated in the British Virgin Islands, whose principal activity is provision of services for oil exploration.
3. Surestream Petroleum (Malawi Holding) Limited, a company incorporated in the British Virgin Islands, whose principal activity is oil exploration.
4. Surestream Petroleum Limited, a company incorporated in the British Virgin Islands, whose principal activity is oil exploration.
5. Surestream Football Academy Limited, a company incorporated in the Republic of Malawi, whose principal activity is training and education of Malawian youth in football.
6. Surestream Petroleum (Tanzania) Limited, a company incorporated in the British Virgin Islands, whose principal activity is oil exploration and production.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2.3 INVESTMENTS

Investments in subsidiaries are initially recorded at cost in the Company's statement of financial position. Amounts advanced to subsidiaries are capitalised as part of the investment cost when they form part of the long-term net investment in the subsidiary. Investments are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the income statement in the period they occur.

Equity investments in listed entities are initially recorded at the fair market value based on their trading price in the open market. At each period end their fair value is re-measured based on their market price and the difference in fair value is recognised in the income statement in the period it occurs.

2.4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

2.5 FOREIGN CURRENCY TRANSLATION

a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the parent company and subsidiaries is United States Dollars. The consolidated statements are presented in United States Dollars, which is the Group's presentational currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The United States Dollar: Pounds Sterling exchange rate at 31 December 2016 was 0.8109 (2015: 0.6774). The average rate during the year was 0.7438 (2015: 0.6073).

2.6 PROPERTY, PLANT AND EQUIPMENT

a) Capitalisation

Property, plant and equipment is stated at historical cost less depreciation less any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	33⅓% per annum
Furniture, fixtures and equipment	33⅓% per annum
Computer software	33⅓% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

To the extent that a tangible asset is consumed in the development of an intangible asset, the amount reflecting the consumption is capitalised as part of the cost of the related intangible asset.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Impairment

At each reporting date, the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

c) Assets under construction

The cost of tangible assets under construction includes expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring the asset into use, the overheads attributable to the asset are also capitalised and included in the cost of the asset. No depreciation is charged on assets under construction.

2.7 INTANGIBLE ASSETS – ECONOMIC INTERESTS IN PRODUCING ASSETS

a) Capitalisation

Economic interests (including farm-in agreements) in producing gas fields not operated by the Group are capitalized as intangible assets at fair value at the date of acquisition.

b) Impairment

At each reporting date, the carrying amounts of producing assets are reviewed in line with the remaining reserves and market prices of products to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

c) Amortisation

Amortisation is charged to reduce the carrying value of the asset to its estimated residual value in line with the expected total revenues generated by the asset.

2.8 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

a) Capitalisation

Expenditure which is directly attributable to the exploration and evaluation of oil and gas resources and can be reliably measured is capitalised as intangible exploration and evaluation assets. Capitalised expenditure includes overheads that are directly attributable to exploration and evaluation activities.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalised expenditure is allocated to cash generating units on the basis of geographic area. If an exploration project is successful and it is brought into production, the related expenditures are transferred to property, plant and equipment as an oil and gas asset and depleted on a unit of production basis from the date of commencement of commercial production.

Expenditure incurred before the Group has obtained the legal rights to explore a specific area ("pre-licensing costs") are expensed in the year that they are incurred.

b) Impairment

Exploration and evaluation assets are tested for impairment when reclassified to property, plant and equipment or whenever facts and circumstances indicate impairment. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences or negative seismic or drilling results render the resource uneconomic
- title to the asset is compromised
- variations in commodity prices or exchange rates render the project uneconomic
- the Group determines that it no longer wishes to continue to evaluate or develop the property

An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amounts exceed their recoverable amount. The recoverable amount is the higher of the exploration and evaluations assets' fair value less costs to sell and their value in use. Any impairment loss is immediately recognised within the income statement.

The Group's intangible exploration and evaluation assets are currently held in the seven blocks which are classified as separate cash generating units ("CGUs"). Impairment tests are carried out separately on each CGU.

2.9 JOINT VENTURES AND PSAs

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. The Group is engaged in oil and gas exploration through unincorporated joint ventures called Production Sharing Agreements (PSAs).

Since the Group is still in the exploration phase of its operations and has not yet made any commercial discovery, it accounts for its share of assets, liabilities, income and expenditure under PSAs in which it holds an interest, classified under the appropriate headings in the statement of financial position and income statement.

2.10 FINANCIAL ASSETS

The Group classifies its financial assets other than instruments in listed shares as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Group's loans and receivables comprise 'receivables from farm-out partners', 'receivables from related parties', 'other receivables' and 'cash and cash equivalents' included within current assets in the statement of financial position.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks with maturities of less than 3 months.

2.12 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 TRADE PAYABLES

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.15 TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity or;
- different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

2.16 OPERATING LEASES

Payments made under operating leases in respect of oil and gas exploration activities are capitalised as intangible exploration and evaluation assets. Payments made under operating leases in respect of corporate and administrative activities are charged to the income statement on a straight-line basis over the period of the lease.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees in the form of options to acquire ordinary shares in the Company. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the Group issues equity instruments in consideration for services provided by third parties (other than employees) that are required to be settled in an equity-settled share based payment transaction, those services are recognised as an expense (unless they qualify for recognition as an asset) at the fair value of the services received, unless that fair value cannot be estimated reliably in which case the expense (or asset) is recognised by reference to the fair value of the equity instruments granted.

Where the equity instruments granted vest immediately (e.g. the issue of shares as consideration for services received), it is presumed that the services have been received and therefore the Group recognises the expense in full with a corresponding increase in equity at the date of transfer of the equity instrument. Where the equity instruments do not vest until the counterparty completes a specified period of service, that service and the corresponding increase in equity is accounted for over the vesting period.

2.18 PENSION COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.19 REVENUE

Revenue from gas sales in the year represents the Group's share of oil and gas production sold in the year, net of sales taxes and is recognised when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

2.20 DECOMMISSIONING PROVISION

Provision is made at the start of the life of the producing asset for the decommissioning of oil and gas wells and other oilfield facilities at the end of the life of the asset. The cost of decommissioning is determined at the date the provision is recorded and is reassessed at each balance sheet date. This amount is included within the developed and producing assets by field and the liability is included in provisions. Such cost is depleted over the life of the field on a unit of production basis and charged to the income statement. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 GOING CONCERN

An assessment of going concern is made by the directors at the date the directors approve the annual financial statements, taking into account the relevant facts and circumstances at that date including:

- Review of cashflow forecasts for at least one year from approval of these financial statements
- Availability and timing of financing
- Financial and operational risks

As part of their general review of the business, the directors examined a 12-month forward looking cash flow forecast of the Group, based on the most likely work programme, to be able to assess the required funding to continue in operational existence including the firm and contingent commitments.

The forecasts indicate that 25% revenue interest in the North Kiliwani gas field in Tanzania will allow the Company to meet its ongoing working capital requirements. However, the directors are aware that at the date of signature of the financial statements the commissioning production is still on going and the buyer, Tanzania Petroleum Development Corporation ("TPDC") have not yet provided the letter of guarantee as per the Gas Sales Agreement. While gas sales are continuing on a commissioning basis, there are risks that the volume of gas sold may change or collection of payments may be delayed.

The directors have concluded that at the present level of activity the Company may be unable to make the monthly loan repayments to Petrolin Trading Limited and this would be further impacted by any delay in the receipt of revenue from gas sales. However, since Petrolin Trading Limited is controlled by a major shareholder in the Company, the Directors are confident that under such circumstances, discussions may result in either further deferral of the payments or a restructuring of the facility against certain assets or the write off of the loan through an asset transfer.

The cashflow forecasts include non-payment of certain trade payables, following a review by the directors which concluded that of the US\$1.95 million of trade payables outstanding as at the date this report is written, US\$1.49 million will not be payable at least for the following 12 months as they include disputed amounts and a performance based payment.

The Group's extensive cost reduction plan continued to be consistently applied over the past year to maintain the fixed office and personnel costs at US\$150,000 per month.

Taking into consideration all the above facts, the Directors have a reasonable expectation that the Group will either be able to extend repayments of the loan or re-finance it as a reserve based facility and will have sufficient funds available to it to meet other planned expenditures when they fall due for the foreseeable future.

Based on the above, the directors have decided to adopt the going concern basis for the preparation of the financial statements. The financial statements do not include any adjustments that would result if the Group or Company was unable to continue as a going concern.

3.2 RECOVERABILITY OF INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 Exploration for and Evaluation of Mineral Resources. If there is any indication of potential impairment, an impairment test is required comparing carrying value to the higher of the exploration and evaluations assets' fair value less costs to sell and their value in use.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The directors' estimates of fair value less costs to sell are based on a number of assumptions and judgements, over which there can be no certainty. These include the ability to attract farm-in partners to the licences based on expressions of interest with third parties and the successful renewal of exploration licenses by local authorities.

In particular, the directors discussed the future plans for the Ndunda licence and decided the total carrying value of US\$3.37 million to be fair based on potential farm-in opportunities still available and their expectations in getting the licence renewal following the conclusion of ENI's reassignment of their participating interest back to Surestream.

The total carrying amount of exploration and evaluation assets at the reporting date was US\$10.12 million (2015: US\$9.22 million) and no impairment loss was recognised in the year (2015: US\$0.11 million).

3.3 FAIR VALUE OF INTANGIBLE ASSETS ACQUIRED

Fair value of the 25% of North Kiliwani gas field, which was acquired through an asset swap transaction that concluded on 9 December 2015, was determined based on an indicative arms length sales transaction announced by Aminex plc (the operator of the field) on 4 April 2016. According to that sales transaction the North Kiliwani gas field was valued at US\$54.2 million, with Surestream's share valued at US\$13.5 million.

4 SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information is reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segmental performance specifically focussed on geographical segment. As is common in the oil and gas sector, assets and licences and associated costs are maintained in separate ledgers based on geographical location.

The Group's reportable segments under IFRS 8 are therefore as follows;

- Democratic Republic of Congo
- Burundi
- Malawi
- Tanzania
- Zambia

Segment revenues and gross profits

The following is an analysis of the Group's revenues and gross profits from continuing operations by reportable segment. The only revenue generating segment of the Group in 2016 has been Tanzania.

	2016 US\$'000	2015 US\$'000
Revenues from Tanzania gas sales	1,890	-
Production costs	(157)	-
Amortisation	(1,448)	-
Total cost of sales	(1,605)	-
Gross profit	285	-

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

4 SEGMENT INFORMATION (continued)

Segment results

The following is an analysis of the Group's results from continuing operations by reportable segment.

Segment results:

	2016 US\$'000	Re-stated 2015 US\$'000
Democratic Republic of Congo	(313)	-
Burundi	1,030	(66)
Malawi	100	13,329
Tanzania	198	(640)
Zambia	(5)	(1)
Income/(expenses) allocated to segments	1,010	12,622
Administrative expenses – central overheads	(1,313)	(3,451)
Pre-licensing costs not allocated to existing segments	(20)	(11)
(Loss)/profit for the year	(323)	9,160

Segment results represent the result of each segment without allocation of central administrative costs, investment revenues, finance costs and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment reporting.

Segment assets and liabilities

Segment assets:

	2016 US\$'000	Re-stated 2015 US\$'000
Democratic Republic of Congo	8,846	8,340
Burundi	-	106
Malawi	224	195
Tanzania	13,521	13,540
Zambia	1,065	756
Total segment assets	23,656	22,937
Unallocated	1,548	1,051
Consolidated assets	25,204	23,988

	2016 US\$'000	2015 US\$'000
Segment liabilities:		
Democratic Republic of Congo	(1,846)	(1,844)
Burundi	(24)	(8)
Malawi	-	(689)
Tanzania	(166)	-
Zambia	(50)	-
Total segment liabilities	(2,086)	(2,541)
Unallocated	(7,220)	(5,771)
Consolidated liabilities	(9,306)	(8,312)

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

4 SEGMENT INFORMATION (continued)

Change in non-current assets:	2016 US\$'000	Re-stated 2015 US\$'000
Democratic Republic of Congo	501	426
Burundi	(50)	159
Malawi	54	(4,888)
Tanzania	(1,327)	13,540
Zambia	317	465
Unallocated	1,364	20
	<u>859</u>	<u>9,722</u>

As the Group's segments are reported to the chief decision maker by segment and the Group was not revenue generating in the year, no further segmental information is deemed necessary.

5 OPERATING EXPENSES

	2016 US\$'000	2015 US\$'000
Field office costs	225	-
Pre-licensing costs	20	34
	<u>245</u>	<u>34</u>

6 ADMINISTRATIVE EXPENSES AND AUDITOR'S REMUNERATION

	2016 US\$'000	Re-stated 2015 US\$'000
Depreciation and amounts written off property, plant and equipment:		
Charge for the period – owned assets	3	18
Employee salary and benefits expense	1,280	2,340
Foreign exchange (gains) / losses	(131)	18
Auditor's remuneration – audit services	54	62
Auditor's remuneration – tax services	11	4
Operating lease rentals – office rent	77	328
Contractors	44	34
Legal fees	543	432
Company owned or leased vehicle costs	14	37
Business travel expenses	273	292
Corporate social responsibility projects	171	720
Profit on disposal of tangible assets	(11)	(42)
Other expenses / (recharges)	104	(323)
	<u>2,432</u>	<u>3,918</u>

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

7 EMPLOYEE BENEFIT EXPENSE AND KEY MANAGEMENT EMPLOYMENT COSTS

	2016 No	2015 No.
The average monthly number of persons (including directors) employed by the Group during the year was:		
Office and management	5	7
Technical	1	4
Field operations	2	4
Corporate social responsibility projects	4	15
	<u>12</u>	<u>30</u>

	2016 US\$'000	2015 US\$'000
Staff costs for the above persons:		
Wages and salaries (including all benefits except pension)	1,580	3,498
Pension costs	194	214
Social security costs	154	285
	<u>1,928</u>	<u>3,996</u>

The above costs include US\$572,906 (2015: US\$1,656,136) of wages, salaries and social security costs which were capitalised as additions to intangible exploration and evaluation assets in the year.

KEY MANAGEMENT EMPLOYEES	2016 US\$'000	2015 US\$'000
In respect of the key management employees (excluding directors) of Surestream Petroleum Limited:		
Emoluments and other benefits	649	802
Pension costs	42	67
	<u>691</u>	<u>869</u>

Key management employees are provided with a severance benefit equal to two years of pay that only becomes due under certain conditions subsequent to a change in control of the Company.

DIRECTORS	2016 US\$'000	2015 US\$'000
In respect of the directors of Surestream Petroleum Limited:		
Emoluments and other benefits	729	922
Pension costs	146	88
Sums paid to third parties for the directors' services	16	367
	<u>891</u>	<u>1,378</u>

Executive directors are provided with a severance benefit equal to two years of pay that only becomes due under certain conditions subsequent to a change in control of the Company.

Included in the above are fees payable in respect of directors' services provided in the year to companies controlled by or related to directors, as set out in note 32.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

7 EMPLOYEE BENEFIT EXPENSE AND KEY MANAGEMENT EMPLOYMENT COSTS
(continued)

Directors emoluments disclosed above include the following payments in respect of the highest paid director:	2016 US\$'000	2015 US\$'000
Emoluments and other benefits	693	787
Pension	146	88
	<u>839</u>	<u>875</u>

The above costs include US\$458,224 (2015: US\$nil) of wages, salaries, pension and social security costs which were accrued but not paid to the highest paid director.

8 OTHER INCOME

	2016 US\$'000	Re-stated 2015 US\$'000
Gain on disposal of intangible asset	1,435	12,923
Sponsorship income	1,189	773
Refund of excess withholding tax paid in prior periods	-	34
Gain on sale of fixed assets	-	6
	<u>2,624</u>	<u>13,736</u>

Other income is recorded in respect of the disposal of the Burundi subsidiary and sponsorship income generated for the football academy CSR project in Malawi.

9 FINANCE COSTS

	2016 US\$'000	2015 US\$'000
Interest accrued on short term borrowings	<u>555</u>	<u>518</u>

Surestream Petroleum Limited
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For the year ended 31 December 2016

10 TAXATION

	2016 US\$'000	Re-stated 2015 US\$'000
Current tax:		
UK corporation tax for the year	-	-
Factors affecting tax charge for the year:	2016 US\$'000	2015 US\$'000
The tax assessed for the year is higher than the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:		
Profit/(loss) before tax	(323)	9,160
Profit/(loss) multiplied by standard rate of corporation tax in the UK	(65)	1,855
Effects of:		
Expenses not deductible for tax purposes	34	-
Income not taxable	(2,500)	(2,617)
Transfer pricing adjustments	6	-
Tax losses not recognised in deferred tax	2,239	762
Adjustments to deferred tax to average rate	286	-
Tax charge for year	-	-

The Group has approximately US\$25.72 million of tax losses carried forward (2015: US\$28.7 million). A deferred tax asset of US\$4.4 million at 20% (2015: US\$5.7 million) in respect of these losses has not been recognised due to uncertainty as to the recoverability of these losses.

11 LOSS OF THE PARENT COMPANY

The parent Company's loss for the year to 31 December 2016 amounted to US\$1.33 million (2015: US\$3.46 million). The Company has taken advantage of the exemption available under the Companies Act from publishing a Company income statement.

12 INVESTMENTS

COMPANY	US\$'000
COST	
At 1 January 2015	33,651
Advances and recharges to subsidiaries	3,190
Cash recovery and recharges from subsidiaries	(6,186)
At 31 December 2015	30,655
Reclassification of amounts due to subsidiaries	12,982
Restatement of 31 December 2015	43,637
Advances and net recharges to subsidiaries	3,309
Disposals	(12,181)
Cash recovery from subsidiaries	(505)
At 31 December 2016	34,260

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

12 INVESTMENTS (continued)

PROVISION FOR IMPAIRMENT

At 1 January 2015 and 31 December 2015 (20,993)

Disposals 10,993
At 31 December 2016 (10,000)

NET BOOK VALUE

At 31 December 2016 24,260

At 31 December 2015 (re-stated) 22,644

At 1 January 2015 12,658

Reclassification of US\$14.98 million due to subsidiaries was made to re-state the total cost of Company's investments in the subsidiaries. Before this reclassifying adjustment all amounts due to and from subsidiaries were being netted off under the investments resulting in an understatement of Company assets and liabilities.

Details of the Company's subsidiaries at 31 December 2016 are as follows:

Name of subsidiary	Place of incorporation	Registered office address	Ownership interest	Voting power	Principal activity
Surestream RDC Sarl	Democratic Republic of Congo	Boulevard du 30 Juin BCDC Building 12th Floor, No 2 Gombe, Kinshasa	99.99%	100%	Oil exploration
Surestream Petroleum (Malawi Holding) Limited	British Virgin Islands	Mill Mall, Suite 6 Wickhams Cay 1 P.O Box 3085 Road Town, Tortola	100%	100%	Oil exploration
Surestream Technical Services Limited	British Virgin Islands	Mill Mall, Suite 6 Wickhams Cay 1 P.O Box 3085 Road Town, Tortola	100%	100%	Technical services
Surestream Petroleum Limited	British Virgin Islands	Mill Mall, Suite 6 Wickhams Cay 1 P.O Box 3085 Road Town, Tortola	100%	100%	Oil exploration
Surestream Football Academy Limited	Republic of Malawi	Plot No. 43/2/1 Lilongwe	100%	100%	Corporate social responsibility project
Surestream Petroleum (Tanzania) Limited	British Virgin Islands	Mill Mall, Suite 6 Wickhams Cay 1 P.O Box 3085 Road Town, Tortola	100%	100%	Oil exploration and production

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

13 AMOUNTS DUE TO SUBSIDIARIES

COMPANY	US\$'000
At 31 December 2015	-
Reclassification from amounts due from subsidiaries	12,982
Restatement of 31 December 2015	<u>12,982</u>
Advances and recharges to subsidiaries	(1,116)
Cash recovery and recharges from subsidiaries	2,567
At 31 December 2016	<u>14,433</u>

14 INTANGIBLE ASSETS

GROUP	Economic interest in producing assets US\$'000	Oil and gas exploration and evaluation assets US\$'000	Re-stated total US\$'000
COST			
At 1 January 2015	-	32,212	32,212
Additions to exploration and evaluation assets	-	1,165	1,165
Acquisition of economic interest in producing asset	13,540	-	13,540
Disposals through farm-out agreements	-	(5,056)	(5,056)
At 31 December 2015 (re-stated)	<u>13,540</u>	<u>28,321</u>	<u>41,861</u>
Additions	21	900	921
Disposals	-	(9,100)	(9,100)
Depletion of producing asset	(1,348)	-	(1,348)
At 31 December 2016	<u>12,213</u>	<u>20,121</u>	<u>32,334</u>

PROVISION FOR IMPAIRMENT

At 1 January 2015	-	(18,993)	(18,993)
Provisions	-	(106)	(106)
At 31 December 2015	<u>-</u>	<u>(19,099)</u>	<u>(19,099)</u>
Reversal of provisions	-	9,100	9,100
Provisions	-	-	-
At 31 December 2016	<u>-</u>	<u>(9,999)</u>	<u>(9,999)</u>

NET BOOK VALUE

At 31 December 2016	<u>12,213</u>	<u>10,122</u>	<u>22,335</u>
At 31 December 2015 (re-stated)	<u>13,540</u>	<u>9,221</u>	<u>22,761</u>
At 1 January 2015	<u>-</u>	<u>13,219</u>	<u>13,219</u>

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

14 INTANGIBLE ASSETS (continued)

Impairment test for exploration and evaluation assets

Each year the Group undertakes a review of the carrying value of exploration and evaluation assets to determine if there are any indications of triggers that may have led to these assets suffering an impairment loss. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist, for example, based on the results of geological and geophysical studies, aerial and surface seismic data interpretation, drilling, change in oil prices and a review of political risk. The cash generating units (CGUs) on which impairment is tested are the Group's petroleum exploration licences, namely, Yema and Matamba-Makanzi ("YMM") and Ndunda in DRC, Block 2 and Block 3 in Malawi and Block 42 in Zambia.

The total carrying value of intangible assets at year-end includes US\$3.54 million in respect of the Ndunda Production Sharing Agreement ("PSA"), which is pending for renewal for a new 5-year term by the DRC Government since 29 June 2011. ENI, the operator of the Ndunda licence declared their decision to withdraw from the licence on 25 March 2015. An impairment provision of US\$4 million was recorded in 2012 in respect of the Ndunda licence. Management considers the total carrying value of US\$8.83 million to be the fair value of the DRC assets after deduction of the costs of disposal based on potential farm-in opportunities and their expectations in respect of the likelihood of receiving the Ndunda licence renewal in the short term following the withdrawal of ENI.

In the past few years, the Group held discussions with various interested companies to farm out a portion of its interest in the Burundi assets ahead of its 2D seismic campaign however the discussions didn't yield a successful farm out agreement. Considering the high capital requirement of the exploration programme, deteriorating political stability in the country and in light of the lower forecast oil and gas prices an impairment provision of US\$9 million was recorded at the end of 2014. As there has not been a major change in the situation an additional \$105,000 impairment provision was recorded during the reporting period to reduce the carrying value of the Burundi intangible assets to US\$nil. Subsequently the Group agreed to sell the Burundi assets to Swala Oil & Gas plc ("Swala") on 23 October 2016 in exchange of 6,247,154 fully paid ordinary shares of Swala, representing 6.25% of its issued share capital. The transaction was closed on 7 February 2017. Swala Oil & Gas (Tanzania) plc is a public company listed in Dar Es Salaam Stock Exchange under the symbol SWALA.

Management determined the carrying values of Malawi, Zambia and Tanzania intangible assets to be lower than their expected net realisable values. As no other impairment indicators were found, a full impairment review was not conducted, and it was concluded that no impairments were necessary.

15 PROPERTY, PLANT AND EQUIPMENT

GROUP	Plant and machinery	Furniture, fixtures and equipment	Computer software	Total
	US\$'000	US\$'000	US\$'000	US\$'000
COST				
At 1 January 2015	2,701	343	183	3,227
Additions	33	22	-	55
Disposals	-	(126)	-	(126)
At 31 December 2015	2,734	239	183	3,156
Additions	-	-	-	-
Disposals	(2,310)	(39)	-	(2,349)
At 31 December 2016	424	200	183	807

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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15 PROPERTY, PLANT AND EQUIPMENT (continued)

DEPRECIATION

At 1 January 2015	492	288	183	963
Charged/capitalised in the year*	1	17	-	18
Disposals	-	(102)	-	(102)
At 31 December 2015	493	203	183	879
Charged/capitalised in the year*	-	4	-	4
Disposals	(69)	(11)	-	(80)
At 31 December 2016	424	196	183	803

PROVISIONS FOR IMPAIRMENT

At 1 January 2015	(2,000)	-	-	(2,000)
Provisions	(191)	-	-	(191)
At 31 December 2015	(2,191)	-	-	(2,191)
Provisions reversal	2,191	-	-	2,191
At 31 December 2016	-	-	-	-

NET BOOK VALUE

At 31 December 2016	-	4	-	4
At 31 December 2015	50	36	-	86
At 1 January 2015	209	55	-	264

* Depreciation of US\$nil (2015: US\$1,325) in relation to plant and machinery used in exploration activities has been capitalised as part of the cost of additions to intangible assets in the year.

Plant and machinery included the cost of refurbishing a chartered research vessel (R/V Tanganyika Explorer) to make it fit for acquisition of marine seismic data over the Burundi exploration licences of the Group and included a support boat, which was fabricated in the United Kingdom.

Due to high capital requirements of the Burundi exploration programme, deteriorating political stability in the country and the low oil and gas prices, the management decided to abandon the 2D seismic campaign with its own vessel in Burundi and therefore an impairment provision of US\$2 million was recorded at the end 2014 to reduce the carrying value of the plant and machinery. On 27 February 2016, the Group transferred out of Burundi, a significant portion of the plant and machinery that was purchased for the refurbishment project of the Tanganyika Explorer research vessel. Net realisable value of the plant and machinery was determined to be US\$80,000 and this value was reclassified to fixed assets held for sale.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

15 PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Furniture, fixtures and equipment US\$'000	Computer software US\$'000	Total US\$'000
COST			
At 1 January 2015	234	183	417
Additions	6	-	6
Disposals	(38)	-	(38)
At 31 December 2015	202	183	385
Additions	-	-	-
Disposals	-	-	-
At 31 December 2016	202	183	385
DEPRECIATION			
At 1 January 2015	226	183	409
Charged in the year	7	-	7
Disposals	(38)	-	(38)
At 31 December 2015	195	183	378
Charged in the year	3	-	3
Disposals	-	-	-
At 31 December 2016	198	183	381
NET BOOK VALUE			
At 31 December 2016	4	-	4
At 31 December 2015	7	-	7
At 1 January 2015	8	-	8

* No depreciation (2015: nil) in relation to plant and machinery used in exploration activities has been capitalised as part of the cost of additions to intangible assets in the year.

16 ASSETS HELD FOR SALE

GROUP AND COMPANY	2016 US\$'000	2015 US\$'000
Material and equipment	80	-

Assets held for sale include the material and equipment that were purchased for the Burundi seismic project and now held for sale following the abandonment of the project. The amount reflects the net realizable value of the items.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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17 TRADE AND OTHER RECEIVABLES

	2016 US\$'000	2015 US\$'000
GROUP		
Due within one year:		
Trade and other receivables	1,311	53
Prepayments	38	38
Receivables in respect of other tax and social security	20	39
Other receivables	1,413	75
	<u>2,782</u>	<u>205</u>

The carrying amount of receivables is deemed equal to their fair value due to their short term nature.

	2016 US\$'000	2015 US\$'000
COMPANY		
Prepayments	38	35
Receivables in respect of other tax and social security	20	39
Other receivables	1,417	45
	<u>1,475</u>	<u>119</u>

The carrying amount of receivables is deemed equal to their fair value due to their short term nature.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security.

The carrying amounts of receivables (excluding amounts held in USD) are denominated in the following currencies:

	2016 US\$'000	2015 US\$'000
GROUP		
United Arab Emirates Dirham	19	20
GB Pound	21	40
Malawian Kwacha	-	11
	<u>40</u>	<u>71</u>

	2016 US\$'000	2015 US\$'000
COMPANY		
United Arab Emirates Dirham	19	20
GB Pound	21	40
	<u>40</u>	<u>60</u>

18 CASH AND CASH EQUIVALENTS

	2016 US\$'000	2015 US\$'000
GROUP		
Cash at bank and in hand	<u>3</u>	<u>936</u>
COMPANY		
Cash at bank and on hand	<u>3</u>	<u>926</u>

The directors consider that the carrying amount of cash and cash equivalents approximates their fair value.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

18 CASH AND CASH EQUIVALENTS (continued)

The Group has no amounts pledged as security in support of bank guarantees.

All of the Group's cash and cash equivalents at 31 December 2016 are held in United States Dollars except for US\$402, US\$142 and US\$64 (2015: US\$53,400, US\$29,170 and US\$3,289) held in United Arab Emirates Dirhams, GB Pounds and Malawi Kwachas respectively.

All of the Company's cash and cash equivalents at 31 December 2016 are held in United States Dollars except for US\$402 and US\$142 (2015: US\$53,400 and US\$29,170) held in United Arab Emirates Dirhams and GB Pounds respectively.

19 TRADE AND OTHER PAYABLES

	2016 US\$'000	2015 US\$'000
GROUP		
Trade payables	2,259	1,744
Other tax and social security	24	103
Other payables	95	61
Accruals	1,483	1,583
	<u>3,861</u>	<u>3,491</u>
 COMPANY	 2016 US\$'000	 2015 US\$'000
Trade payables	1,062	595
Other tax and social security	23	95
Other payables	92	58
Accruals	711	202
	<u>1,888</u>	<u>950</u>

The carrying amounts of trade and other payables are deemed equal to their fair value due to their short term nature.

Within trade payables there are amounts due to related parties as disclosed in note 32.

The carrying amounts of trade and other payables (excluding USD) are denominated in the following currencies:

	2016 US\$'000	2015 US\$'000
GROUP		
United Arab Emirates Dirham	6	2
Euro	232	127
GB Pound	1,491	642
	<u>1,729</u>	<u>771</u>
 COMPANY	 2016 US\$'000	 2015 US\$'000
United Arab Emirates Dirham	6	2
Euro	232	127
GB Pound	1,491	642
	<u>1,729</u>	<u>771</u>

Surestream Petroleum Limited
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20 SHORT-TERM FINANCIAL LIABILITIES

	2016 US\$'000	2015 US\$'000
GROUP AND COMPANY		
Loans from related parties	5,346	4,821
	<u>5,346</u>	<u>4,821</u>

On 30 October 2013, the Company raised US\$368,221 from an unsecured loan placement subscribed by seven lenders, who are existing shareholders, for a two-month term at 1% interest per month and 1.5% default interest beyond final repayment date of 5 December 2013. At 31 December 2016, the amount due on this loan was US\$508,167 (2015: US\$463,981) including US\$139,946 (2015: US\$95,759) of interest.

On 26 September 2014, the Company entered into a Line of Credit Agreement with one of its shareholders, Petrolin Trading Limited ("Petrolin"), by which Petrolin agreed to provide unsecured loans to the Company up to an aggregate amount of US\$4 million, repayable within 1 year and bearing 1% interest per month. The amounts drawn down from the loan facility in 2014 and 2015 were US\$ 2.95 million and US\$1.05 million respectively. During the months of November and December 2015, the Company repaid US\$180,000 against the accrued interest of the loan based on the agreement the Company reached with Petrolin on 28 October 2015. At 31 December 2016, the amount due on this loan was US\$4,837,503 (2015: US\$4,357,503) including US\$837,503 of interest (2015: US\$357,503).

21 DECOMMISSIONING PROVISION

GROUP	
At 1 January 2015 and 31 December 2015	-
Additions	99
At 31 December 2016	<u>99</u>

Decommissioning costs are expected to be incurred over the remaining life of the producing well in Tanzania, which is estimated to be between 2021 and 2025. The provision for decommissioning is reviewed annually.

22 SHARE CAPITAL

	2016 US\$'000	2015 US\$'000
GROUP AND COMPANY		
Authorised:		
107,600,000 (2015: 107,600,000) ordinary shares of 0.01p each	20	20
13,000,000 (2015: 13,000,000) preference shares of 0.01p each	3	3
	<u>23</u>	<u>23</u>
Allotted, issued and fully paid:		
106,720,201 (2015: 106,720,201) ordinary shares of 0.01p each	19	19
6,000,000 (2015: 6,000,000) preference shares of 0.01p each	1	1
	<u>20</u>	<u>20</u>
Allotted, fully paid but not issued:		
5,446,465 (2015: nil) ordinary shares of 0.01p each to be issued	545	-
	<u>545</u>	<u>-</u>

Surestream Petroleum Limited
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22 SHARE CAPITAL (continued)

Movements in share capital

Shares to be issued

Between June and November 2016, the Company raised US\$514,278 from unsecured loan placements subscribed by a group of existing shareholders. The loans were raised as bearing 1% interest per month until 31 December 2016. The Company had the option to either settle the loans by 31 December 2016 or convert them to ordinary shares at 10 cents per share on 1 January 2018. At the maturity date the Company decided to convert the loans to ordinary shares on 1 January 2018. At 31 December 2016, the amount due on the loans were US\$544,647 including US\$30,369 of interest resulting in 5,446,465 ordinary shares to be issued to loan holders on 1 January 2018.

Preference share capital

The preference shares vote together with the ordinary shares on an as-converted basis, and not as a separate class.

The preference shares do not confer on the holders any further rights to participate in the profits or assets of the Company that are superior to the rights of the ordinary shares.

In the event of any liquidation, dissolution or winding up of the Company, the proceeds first are paid to the holders of the preference shares in an amount equal to the subscription price originally paid with respect to such preference shares, plus any accrued dividends thereon. Thereafter, the proceeds which remain after the payment to the preference shares as described above, are paid to the holders of the ordinary shares in full.

23 SHARE PREMIUM ACCOUNT

	2016 US\$'000	2015 US\$'000
GROUP AND COMPANY		
At 1 January	55,206	55,194
Premium on issue of new shares	-	12
Premium on shares to be issued	-	-
Share issue costs	-	-
At 31 December	<u>55,206</u>	<u>55,206</u>

24 SHARE BASED PAYMENT RESERVE

	2016 US\$'000	2015 US\$'000
GROUP		
At 1 January	-	4,151
Reserve transfer to retained earnings	-	(4,151)
At 31 December	<u>-</u>	<u>-</u>

25 ACCUMULATED DEFICIT

	2016 US\$'000	Re-stated 2015 US\$'000
GROUP		
At 1 January	(39,550)	(52,861)
(Loss)/profit for the year	(323)	9,160
Share based payment reserve transfer	-	4,151
At 31 December	<u>(39,873)</u>	<u>(39,550)</u>

Surestream Petroleum Limited
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25 ACCUMULATED DEFICIT (continued)

COMPANY	2016 US\$'000	2015 US\$'000
At 1 January	(50,283)	(50,972)
Loss for the year	(1,333)	(3,462)
Share based payment reserve transfer	-	4,151
At 31 December	<u>(51,616)</u>	<u>(50,283)</u>

26 CASH FLOWS FROM OPERATING ACTIVITIES

GROUP	2016 US\$'000	2015 US\$'000
(Loss)/profit before taxation	(323)	9,160
Adjustments for:		
Finance expense	555	518
Depreciation	3	18
Amortisation	1,447	-
Impairment of assets – intangible	-	106
Impairment of assets – tangible	-	(43)
Gain on disposal of intangible assets	(1,368)	(12,923)
Gain on disposal of property, plant and equipment	(10)	(6)
Effects of exchange rate changes	(113)	-
(Increase)/decrease in receivables	(2,578)	232
Increase/(decrease) in payables	484	(861)
(Increase) in fixed assets held for sale	(80)	-
CASH USED IN OPERATIONS	<u>(1,983)</u>	<u>(3,800)</u>

COMPANY	2016 US\$'000	2015 US\$'000
Loss before taxation	(1,333)	(3,462)
Adjustments for:		
Finance expense	555	518
Depreciation	3	7
Effects of exchange rate changes	(114)	-
Gain on disposal of investments	(1,368)	-
(Increase)/decrease in receivables	(1,356)	106
Increase/(decrease) in payables	1,053	(444)
(Increase) in fixed assets held for sale	(80)	-
CASH USED IN OPERATIONS	<u>(2,640)</u>	<u>(3,275)</u>

27 SHARE BASED PAYMENT

Options

The Company adopted the Surestream Petroleum Senior Executive Share Option Scheme (the “scheme”) on 11 March 2008. The objective of the scheme is to develop the interest of directors, officers and key employees of the Group in the growth and development of the Group by providing them with the opportunity to acquire a shareholding in the Company and to assist the Company in retaining and attracting executives with experience and ability. The Company’s Board of Directors administers the scheme, which is unapproved for HM Revenue & Customs purposes.

Surestream Petroleum Limited
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27 SHARE BASED PAYMENT (continued)

The number of ordinary shares which may be issued under the scheme is limited so that not more than 5% of the issued ordinary share capital of the Company may, in aggregate, be issued or issuable under the scheme and any other employee share plan operated by the Company.

During 2016, no options were exercised (2015: 1,252,800) or forfeited (2015: 2,379,200).

Further details of the share option grants are as follows:

	No. of options	2016 Weighted average exercise price US\$	No. of options	2015 Weighted average exercise price US\$
Outstanding at the start of the year	-	-	3,632,000	0.46
Granted	-	-	-	-
Exercised	-	-	(1,252,800)	0.01
Forfeited	-	-	(2,379,200)	0.70
Exercisable at the year end	-	-	-	-

All of the share options that bear the exercise price of US\$0.01 per share were exercised on 6 March 2015. On 21 April 2015, 1,252,800 ordinary shares were issued for a total cash consideration of US\$12,528 as a result of the exercise of these share options by Management.

None of the share options that bear the exercise price of US\$0.70 per share were exercised before the expiry date of 11 March 2015. Consequently 2,379,200 share options were forfeited lapsed on 11 March 2015.

28 FINANCIAL INSTRUMENTS

GROUP

The Group's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Capital risk management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

The Group's capital comprises of cash and equity attributable to owners of the parent (share capital, share premium, share based payment reserve and retained earnings). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistent with others in the industry, the Group plans to monitor capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. At 31 December 2016, gearing ratio of the Group was 40% (2015: 28.6%).

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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28 FINANCIAL INSTRUMENTS (continued)

Categories of financial instrument

	Loans and receivables	
	2016 US\$'000	2015 US\$'000
Assets as per statement of financial position		
Other receivables (excluding prepayments)	2,744	167
Cash and cash equivalents	3	936
	<u>2,747</u>	<u>1,103</u>
	Liabilities at amortised cost	
	2016 US\$'000	2015 US\$'000
Liabilities as per statement of financial position		
Trade and other payables (excluding statutory liabilities)	3,838	3,388
Short-term financial liabilities	5,346	4,821
	<u>9,184</u>	<u>8,209</u>

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, with respect to the GB Pound, the Euro, the Malawian Kwacha, and the United Arab Emirates Dirham. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currencies are purchased at the prevailing exchange rate on the day the foreign currency is required. The Company funds are not switched between currencies for speculative reasons unless the directors request this due to their expectations of foreign exchange rate movements. The Group does not currently hedge its cash flows as the directors do not believe this to be appropriate given the amounts involved, but this is continually under review and may change depending on the Group's currency exposure and economic conditions.

At 31 December 2016, if the US Dollar had strengthened by 10% against the Group's foreign currencies with all other variables held constant, post-tax profit for the year would have been US\$168,747 higher (2015: US\$63,013 higher), as a result of foreign exchange gains/losses on translation of GB Pound, Euro, United Arab Emirates Dirham and Malawi Kwacha denominated payables and receivables.

The directors believe net foreign currency risk is at an acceptable level.

Interest rate risk

Interest rate risk is not considered significant, as the Group currently does not have any significant liabilities other than its short term loan that accrue interest at fixed rate. There is very insignificant exposure to cash flow interest rate risk on the funds held in variable interest rate bank accounts. The average variable interest rate during 2016 was 0.01% (2015: 0.01%).

At 31 December 2016, if interests rates had been 0.5% higher with all other variables held constant, post-tax profit for the year would have been US\$930 higher (2015: US\$3,255 higher).

The directors believe cash flow and interest rate risk is at an acceptable level.

Surestream Petroleum Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

28 FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in a financial loss to the Group. Credit risk is considered by geography, counterparty and currency, and arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables relating to services paid in advance. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

The majority of the Group's cash is held with National Bank of Fujairah in the United Arab Emirates and HSBC Bank in the United Kingdom. National Bank of Fujairah has a credit rating of BAA1 and HSBC UK has a credit rating of AA2. As at 31 December 2016, the concentration of credit risk held in the United Arab Emirates with National Bank of Fujairah was US\$2,465 (2015: US\$895,587) and with HSBC Bank UK was US\$142 (2015: US\$29,170). There are no other significant concentrations of credit risk at the reporting date.

The directors believe credit risk is at an acceptable level.

Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt. At 31 December 2016, the Group has short term loans of US\$5,890,317 (2015: US\$4,821,484) accruing 1% simple interest per month (12% per annum).

Cash flow forecasting is undertaken on a weekly basis and the weekly forecast is circulated to the key management including two directors. Any free funds identified are invested in short-term deposits.

All financial liabilities are contracted to mature within one year.

The directors believe liquidity risk is at an acceptable level.

Fair value estimation

The carrying value of assets and liabilities is considered equal to their fair value due to their short term nature.

Maturity of financial assets and liabilities

All of the Group's financial liabilities and financial assets are either payable or receivable within one year.

COMPANY

The Company's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Capital risk management

The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

The Company's capital comprises cash and equity attributable to owners of the parent (share capital, share premium, share based payment reserve and retained earnings). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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28 FINANCIAL INSTRUMENTS (continued)

Consistent with others in the industry, the Company plans to monitor capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. At 31 December 2016, gearing ratio of the Company was 137% (2015: 97.5%).

Categories of financial instrument

	Loans and receivables	
	2016	2015
	US\$'000	US\$'000
Assets as per statement of financial position		
Other receivables (excluding prepayments)	1,437	84
Cash and cash equivalents	3	926
	<u>1,440</u>	<u>1,010</u>
	Liabilities at amortised cost	
	2016	2015
	US\$'000	US\$'000
Liabilities as per statement of financial position		
Trade and other payables (excluding statutory liabilities)	1,865	855
Short-term financial liabilities	5,346	4,821
	<u>7,211</u>	<u>5,676</u>

Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, with respect to the GB Pound, the Euro, the Malawi Kwacha, and the United Arab Emirates Dirham. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currencies are purchased at the prevailing exchange rate on the day the foreign currency is required. The Company funds are not switched between currencies for speculative reasons unless the directors request this due to their expectations of foreign exchange rate movements. The Company does not currently hedge its cash flows as the directors do not believe this to be appropriate given the amounts involved, but this is continually under review and may change depending on the Company's currency exposure and economic conditions.

At 31 December 2016, if the US Dollar had strengthened by 10% against the Company's foreign currencies with all other variables held constant, post-tax profit for the year would have been US\$168,792 higher (2015: US\$63,013 higher), as a result of foreign exchange gains/losses on translation of GB Pound, Euro, United Arab Emirates Dirham, and Malawi Kwacha denominated payables and receivables.

The directors believe net foreign currency risk is at an acceptable level.

Interest rate risk

Interest rate risk is not considered significant, as the Company currently does not have any significant liabilities other than its short term loan that accrue interest. There is some insignificant exposure to cash flow interest rate risk on the funds held in variable interest rate bank accounts. The average variable interest rate during 2016 was 0.01% (2015: 0.01%).

At 31 December 2016, if interests rates had been 0.5% higher with all other variables held constant, post-tax profit for the year and equity would have been US\$930 higher (2015: US\$3,255 higher).

The directors believe cash flow and interest rate risk is at an acceptable level.

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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28 FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in a financial loss to the Group. Credit risk is considered by geography, counterparty and currency, and arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables relating to services paid in advance. The Company gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

The majority of the Company's cash is held with National Bank of Fujairah in the United Arab Emirates and HSBC Bank in the United Kingdom. National Bank of Fujairah has a credit rating of BAA1 and HSBC UK has a credit rating of AA2. As at 31 December 2016, the concentration of credit risk held in the United Arab Emirates with National Bank of Fujairah was US\$2,465 (2015: US\$895,587) and with HSBC Bank UK was US\$142 (2015: US\$29,170). There are no other significant concentrations of credit risk at the reporting date.

The directors believe credit risk is at an acceptable level.

Liquidity risk

The Company's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations without the need to carry significant net debt. At 31 December 2016, the Company has short term loans of US\$5,890,317 (2015: US\$4,821,484) accruing 1% simple interest per month (12% per annum).

Cash flow forecasting is undertaken on a weekly basis and the weekly forecast is circulated to the key management including two directors. Any free funds identified are invested in short-term deposits.

All financial liabilities are contracted to mature within one year.

The directors believe liquidity risk is at an acceptable level.

Fair value estimation

The carrying value of assets and liabilities is considered equal to their fair value due to their short term nature.

Maturity of financial assets and liabilities

All of the Company's financial liabilities and financial assets are either payable or receivable within one year, apart from amounts due from subsidiaries.

29 FINANCIAL COMMITMENTS AND CONTINGENCIES

The Group's financial commitments are in respect of the petroleum exploration agreements it has entered into with the Governments of the Democratic Republic of Congo, Malawi, Zambia and also the Farm-out and Economic Interest Agreements it has entered into with its partner in Tanzania. A summary of the Group's estimated net outstanding commitments as at 31 December 2016, based on minimum work programmes agreed with the partner and host governments is provided below:

GROUP	2016 US\$'000	2015 US\$'000
No later than 1 year	1,030	1,549
No later than 5 years	23,970	35,100
	<u>25,000</u>	<u>36,649</u>

Surestream Petroleum Limited
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29 FINANCIAL COMMITMENTS AND CONTINGENCIES (continued)

On 3 December 2015, a Company director Pierre Achach had been convicted in France for charges relating to corruption, tax fraud and money laundering and the conviction had been suspended pending the outcome of an appeal brought by Mr Achach. The corruption charge involved the giving of a modest advantage in relation to the Company's operation in Burundi. The Company conducted a full investigation into the allegations made by the court and with the assistance of external legal counsel, considered its position under UK anti-corruption laws. Pierre Achach resigned from the Board on 18 January 2016. He subsequently resigned from his executive position from the Group and Company on 31 March 2016. The investigation has not found any evidence that any other Board members were involved.

30 OPERATING LEASE COMMITMENTS

The Group leases land and buildings under operating lease agreements. As at 31 December 2016 the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

GROUP	2016 US\$'000	2015 US\$'000
No later than 1 year	38	90
No later than 5 years	20	54
	<u>58</u>	<u>144</u>
COMPANY	2016 US\$'000	2015 US\$'000
No later than 1 year	22	68
No later than 5 years	-	50
	<u>22</u>	<u>118</u>

During the year, US\$8,769 was capitalised under oil and gas exploration assets in relation to operating lease rentals (2015: US\$27,280).

31 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party due to the company's shareholding structure.

32 RELATED PARTY TRANSACTIONS

GROUP AND COMPANY

Remuneration of directors and key management personnel is disclosed in note 7.

<i>Tanganyika Invest s.u. a shareholder of the Company, a company in which Pierre Achach, a resigned director of the Company has an interest</i>	2016 US\$'000	2015 US\$'000
Amounts billed for service fees	16	367
Amounts claimed for expenses	1	36
Amounts outstanding at the year end	<u>-</u>	<u>39</u>
<i>Christopher Pitman, a shareholder and director of the Company</i>	2016 US\$'000	2015 US\$'000
<i>in respect of the business related advance and expenses</i>		
Amounts claimed for expenses	234	275
Amounts outstanding at the year end	<u>40</u>	<u>50</u>

Surestream Petroleum Limited
NOTES TO THE FINANCIAL STATEMENTS
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32 RELATED PARTY TRANSACTIONS (continued)

Reidar Michaelsen, a director of the Company

	2016 US\$'000	2015 US\$'000
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Amounts paid for expenses	3	-
Amounts outstanding at the year end	<u>2</u>	<u>-</u>

Geary LSF Group, Inc. a company in which Pierre Achach, a resigned director of the Company has an interest

	2016 US\$'000	2015 US\$'000
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Amounts billed for office lease and other service fees	56	8
Amounts outstanding at the year end	<u>125</u>	<u>69</u>

No interest has been applied to the advances given to the directors as they all relate to business expenses.

COMPANY

Receivables due from / (payables due to) subsidiaries:

	2016 US\$'000	2015 US\$'000
Surestream RDC Sarl	19,317	18,534
Surestream Petroleum (Burundi) Limited	-	10,051
Surestream Technical Services Limited	(2,138)	(127)
Surestream Petroleum (Malawi Holding) Limited	(12,294)	(12,855)
Surestream Football Academy Limited	-	(9)
Surestream Petroleum Limited (BVI)	973	709
Surestream Petroleum (Tanzania) Limited	13,797	14,179
	<u>19,655</u>	<u>30,482</u>

The amounts receivable from subsidiaries are capitalised as part of the investment in the subsidiaries. During the year the Company provided funding and recharged costs to the subsidiaries.

Movement of impairment provisions against receivable from subsidiaries:

	2016 US\$'000	2015 US\$'000
At 1 January	(20,993)	(20,993)
Surestream RDC Sarl	-	-
Surestream Petroleum (Burundi) Limited	10,993	-
At 31 December	<u>(10,000)</u>	<u>(20,993)</u>